

**BRANDYWINE SCHOOL DISTRICT**  
**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING**  
**AGREED-UPON PROCEDURES**

**B E L F I N T**  
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**S H U M A N**

**CERTIFIED PUBLIC ACCOUNTANTS**



## Independent Accountants' Report on Applying Agreed-Upon Procedures



CERTIFIED  
PUBLIC  
ACCOUNTANTS  
& CONSULTANTS

1011 CENTRE ROAD  
SUITE 310  
WILMINGTON,  
DE 19805  
T: 302.225.0600  
F: 302.225.0625  
WWW.BELFINT.COM

The Honorable Lillian M. Lowery  
Secretary, Department of Education  
Townsend Building, Suite 2  
401 Federal Street  
Dover, DE 19903-1402

Jim Scanlon, Ed.D.  
Superintendent  
Brandywine School District  
1000 Pennsylvania Avenue  
Claymont, DE 19703

Dear Secretary Lowery and Dr. Scanlon:

We have performed the procedures enumerated below, which were agreed to by the Department of Education (DOE) and Brandywine School District (District), solely to assist you, the specified parties, in evaluating the compliance and effectiveness of the District's internal control over compliance with DE Code Chapters 13 and 17, Senate Bill 385 and DE Admin Code Title 14 Subsections 525, 701 and 925. Procedures were performed for student accounting and enrollment as of September 30, 2008. In addition, procedures were performed for authorized positions and occupational-vocational unit Division II funding for fiscal year ended June 30, 2008. Management is responsible for the District's internal control over compliance with the requirements related to the above areas.

This agreed-upon procedures attestation engagement was performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

### STUDENT ENROLLMENT

**Agreed-Upon Procedure Number 1:** Determine if the District's policies and procedures for preparing, reviewing and reporting the September 30 student count are adequate.

#### **Finding:**

##### **Criteria**

The State of Delaware Budget and Accounting Policy Manual states, "Department or agency heads are responsible for establishing and maintaining an effective system of internal control." Further, the manual states, "A well designed system of controls must include written policies and procedures to ensure that



*Agreed-Upon Procedure Number 1 - Continued*

Criteria - Continued

each control objective is met.” State of Delaware regulations provide guidance on processes it considers necessary for adequate written internal controls over preparing, reviewing and reporting the September 30 student count.

Condition

We obtained the District's written policies and procedures regarding the September 30 student count. Our review determined that the necessary processes identified by the State of Delaware are included in the District's written policies and procedures.

*Agreed-Upon Procedure Number 2:* Determine if the District properly reported enrollment figures to the DOE. Calculate the dollar impact of disallowed students, if applicable.

*Finding:*

Criteria

State of Delaware Administrative Code Title 14 Chapter 700 Subsection 701 entitled “Unit Count”

Condition

During our procedure the following conditions were found:

School	Condition
Brandywood Elementary	Our review of enrollment found that a second grade student placed in an outside agency during the count period with no documentation of an expected return date was included in the school's September 30 student count.
Hanby Middle	Our review of enrollment found that an eighth grade student absent during the entire 10 day count period with documentation of an expected return date after November 1 was included in the school's September 30 student count.
Springer Middle	Our review of enrollment found that an eighth grade student absent during the entire 10 day count period with documentation of an expected return date after November 1 was included in the school's September 30 student count.

Cause

The above schools failed to perform procedures ensuring each student reported in their school's September 30 student count had on file documentation supporting their inclusion in accordance with Delaware Administrative Code Title 14 Chapter 700 Subsection 701. Procedures, such as a review process for the eligibility of all enrolled students, would have detected the above conditions and have provided the schools an opportunity to obtain appropriate documentation and/or revise their enrollment figures.



**Agreed-Upon Procedure Number 2 - Continued:**

**Effect**

As a result of the above conditions, the District improperly reported three students in their September 30 student count and was overfunded .53 of a unit equivalent to \$38,725 in State funding.

**Recommendation:** It is our recommendation these schools implement a review process to ensure proper reporting of all enrolled students in the September 30 student count. It is further our recommendation the District consult with the DOE regarding appropriate repayment terms.

**District Response:** The district acknowledges that all three students had insufficient documentation on anticipated return dates from the relevant outside agencies. All three students should have been withdrawn from the student count by their schools. The district will ensure that all three schools fully understand the documentation requirements for students placed in outside agencies.

**Agreed-Upon Procedure Number 3:** Select ten percent (10%) or a minimum of five “Individualized Education Program” (IEP) files at each school to verify that each file contains the required documentation in accordance with the DOE’s Administrative Manual for Special Education Services (AMSES) and calculate the dollar impact of disallowed students, if applicable.

**Finding:**

**Criteria**

State of Delaware Administrative Code Title 14, Chapter 900, Subsection 925 entitled “Children with Disabilities Subpart D, Evaluations, Eligibility Determination, Individualized Education Programs”

**Condition**

While performing the procedure above, we found that all files selected contained the required documentation in accordance with the DOE’s Administrative Manual for Special Education Services.

**Agreed-Upon Procedure Number 4:** Select ten percent (10%) or a minimum of five students enrolled in the Cooperative Education and Diversified Education Programs and confirm that the students’ files contain the required documentation in accordance with the DOE’s Administrative Directives and calculate the dollar impact of disallowed students, if applicable.

**Finding:**

**Criteria**

State of Delaware Administrative Code Title 14, Chapter 500, Subsection 525 entitled “Requirement for Career Technical Education Programs.”

**Condition**

During the September 30 student count the District reported no students in Cooperative Education and Diversified Education Programs.



## **AUTHORIZED POSITIONS**

### **Agreed-Upon Procedure Numbers 1 and 2:**

- Determine if the District's control procedures for monitoring, tracking and reconciling the number of employees are adequate.
- Determine if the District's control procedures for monitoring and tracking salaries charged to the State's general fund are adequate.

### **Finding:**

#### Criteria

The State of Delaware Budget and Accounting Policy Manual states, "Department or agency heads are responsible for establishing and maintaining an effective system of internal control." Further, the Manual states, "A well designed system of controls must include written policies and procedures to ensure that each control objective is met." State of Delaware regulations provide guidance on processes it considers necessary for adequate written internal controls over monitoring and tracking the number of employees and salaries charged to the State's general fund.

#### Condition

The District did not provide written procedures for monitoring and tracking the number of employees and salaries charged to the State's general fund.

#### Cause

The District does not have written controls based on State of Delaware regulations and guidance. Additionally, the District failed to implement the recommendation included in the prior and most recent Agreed-Upon Procedure report dated February 1, 2006, which recommended the District develop a set of written procedures in accordance with State of Delaware regulations over monitoring and tracking the number of employees and salaries charged to the State's general fund.

#### Effect

Insufficient policies and procedures relating to monitoring and tracking the number of employees and salaries charged to the State's general fund create a greater risk of noncompliance with State of Delaware Code Title 14 Chapters 13 and 17.

**Recommendation:** In order to comply with the State of Delaware Budget and Accounting Policy Manual, the District should develop a set of internal written policies and procedures to include the following:

- References to rules and regulations as stipulated by the DOE
- References to pertinent sections of the Delaware Code
- Detailed procedures for reconciling actual staff to Division I units
- A management review process of staff listings and reconciliations including a time frame for completion



**Agreed-Upon Procedure Numbers 1 and 2 - Continued:**

**District Response:** Brandywine School District provided the auditor with the staffing spreadsheet used to track authorized positions. The Chief Financial Officer updates the spreadsheet after the September 30 count. Each pay cycle, the Benefits & Compensation Services Supervisor tracks staff changes from the PHRST system and updates the spreadsheet with additions, changes and/or deletions. The staffing spreadsheet, along with Human Resources staff tracking report, is used to reconcile authorized positions.

The District's Technology Department is developing a reporting program that will be available in March 2009, which will enhance the District's ability to reconcile authorized positions. A detailed, written procedure that will include the recommendations of the auditor, along with the new reporting program procedures, will be completed no later than the start of the 2009/2010 school year.

**Agreed-Upon Procedure Number 3:** Compare the number of paid positions by category to the number of authorized positions per 14 DE Code, Chapters 13 and 17.

**Finding:**

**Criteria**

State of Delaware Code Title 14, Chapters 13 and 17 entitled "Salaries and Working Conditions of School Employees" and "State Appropriations"

**Condition**

When comparing the number of paid positions by category, utilizing the payroll report detailing wages paid on February 1, 2008, to the number of authorized paid positions as determined by 14 DE Code, Chapters 13 and 17 we found in the categories of principal and assistant principal the District was operating 1.0 and 0.70 units above, respectively. Additionally, the District was operating above its number of authorized paid positions in the categories of clerical/secretarial and teachers, by 1.0 and 0.12 units, respectively.

**Cause**

The overfunding of principal and assistant principal units was caused by the District inappropriately rounding up the number of Division I units assigned to Charles W. Bush Elementary when calculating principal units and Claymont Elementary when calculating assistant principal units. As a result, the District funded 18.00 principal units and 14.65 assistant principal units during FY08. The District's actual unit entitlement for principals and assistant principals during FY08 was 17.00 and 13.95 units, respectively.

The District overfunded a total of 1.12 units in the categories of clerical/secretarial and teachers during FY08 due to not properly monitoring and reconciling the number of paid position units to the number of authorized paid position units throughout the year.



**Agreed-Upon Procedure Number 3 - Continued:**

**Effect**

Operating a total of 1.70 units over in principal and assistant principal units resulted in the District charging \$92,873 to the State's general fund to which they were not entitled.

Operating a total of 1.12 units over in clerical/secretarial and teacher units resulted in the District charging \$24,328 to the State's general fund to which they were not entitled.

**Recommendation:** It is our recommendation the District maintains an ongoing reconciliation of authorized paid position units to actual paid position units throughout the year. It is further our recommendation that the District consult with the DOE to determine appropriate repayment terms.

**District Response:** The District agrees with the finding that one clerical unit was incorrectly charged to state funds. The clerical units were reconciled on the staffing spreadsheet, but the change to one clerical unit's funding was not made in the PHRST system. An expenditure correction was processed on January 12, 2009 to return the monies to the State's general fund.

The District agrees with the finding that the Principal at Bush was incorrectly charged to state funds. The error was based on a misinterpretation of requirements to combine schools in certain situations to generate a unit. The district believed incorrectly that the documentation of the evaluation of sufficient staff (units) at another school was sufficient to qualify for the unit.

The District disagrees with the finding that 0.70 Assistant Principals were charged incorrectly to state funds. Past practice from DOE has been to allow districts to round up a school's fractional count to generate an Assistant Principal unit (e.g. 54.7 units = 55 units). There is nothing in DOE's current Unit Count regulations that disallows this practice or notifies the districts of any such change.

**Agreed-Upon Procedure Number 4:** Recalculate the annual salary of the following selected positions to determine if employees were paid in accordance with 14 DE Code, Chapter 13.

Superintendents =	100%
Assistant Superintendents =	100%
Principals =	100%
Directors =	100%
Classroom Teachers =	10%

**Finding:**

**Criteria**

State of Delaware Code Title 14 Chapter 13 entitled "Salaries and Working Conditions of School Employees"



**Agreed-Upon Procedure Number 4 - Continued:**

**Condition**

State of Delaware Code Title 14 Chapter 13 Subsection 1305 entitled "Basic Salary Schedule for Teacher, Nurses, Principals, Superintendents, and other Administrative and Supervisory Employees" states that an employee with a Masters Degree and 10 years of experience shall be paid a base salary index of 1.47 during FY08. Our procedure found that a principal with a Masters Degree and 10 years of experience during FY08 was being paid a base salary index of 1.6475. Further, our procedure found that during FY08 the total salary of a teacher was misappropriated between State and local funds.

**Cause**

Upon employment, the District incorrectly entered the principal's years of experience as maximum into the State's payroll system, resulting in a base salary index of 1.6475 during FY08.

The misappropriation of State and local funds was caused by an administrative error when entering State and local percentages into the State's payroll system. The District became aware of this error in March 2008 and attempted to correct through an EX (expenditure correction). The EX corrected the majority of the error; however, \$179 still remained incorrectly charged to the State's general fund.

**Effect**

As a result of the above condition, \$6,668 in salary compensation was charged to the State's general fund during FY08 which was not entitled under State of Delaware Code Title 14 Chapter 13.

**Recommendation:** The District should periodically review pay indexes and funding percentages for all employees to ensure both factors are accurate and payroll is updated accordingly.

It is further our recommendation that the District consult with the DOE to determine appropriate repayment terms.

**District Response:** The District agrees with the finding that one principal's years of experience were entered incorrectly resulting in state funds being overcharged. An expenditure correction was processed on January 29, 2009 to return the monies to the State's general fund.

The District already has a system in place that review the pay indexes and funding percentages at the beginning of each fiscal year, after the September 30 count is complete, and whenever a salary change takes place. This error was a result of incorrect number of years experience given to Compensation Services.

The District agrees with the finding that one teacher's salary percentages were incorrect at the start of FY08; however, the District discovered the error and corrected the percentages on the March 28, 2008 paycheck. The total incorrectly charged to the State was not \$179; it was \$103.20 as the percentages were only incorrect for 15 pays (\$6.88 per pay). An expenditure correction was processed February 6, 2009 to return the monies to the State's general fund.



## OCCUPATIONAL-VOCATIONAL UNIT DIVISION II FUNDS

**Agreed-Upon Procedure Number 1:** Obtain confirmation from the DOE if the District was granted a waiver of the 90% requirement to allocate the occupational-vocational unit Division II funding to each school that generated the funding.

### **Finding:**

#### **Criteria**

State of Delaware Code Title 14 Chapter 17 Subsection 1706 entitled "Determination of Amount of Division II Appropriation"

#### **Condition**

The District chose not to request a waiver from the DOE.

**Agreed Upon Procedure Number 2:** Select a sample of FY07 and FY08 occupational-vocational funds expended from July 1, 2007 through June 30, 2008 to determine if they were (1) expended for State-approved occupational-vocational courses and programs within the District and (2) supported by adequate documentation and (3) properly coded in the Delaware Financial Management System (DFMS). Our sample was selected as follows:

For funds received during FY07 (0265-07 funding) but spent during FY08, and for funds received and spent during FY08 (0265-08 funding), select 10 transactions between the range of \$100 to \$1,000 and 20 percent of transactions greater than \$1,000 or a minimum of 5 transactions (whichever is greater).

### **Finding:**

#### **Criteria**

State of Delaware Code Title 14 Chapter 17 Subsection 1706 entitled "Determination of Amount of Division II Appropriation"

#### **Condition**

All expenditures examined relating to FY07 and FY08 occupational-vocational funding, were determined to be (1) expended for State-approved courses and programs within the District and (2) supported by adequate documentation and (3) properly coded in DFMS.

**Agreed-Upon Procedure Number 3:** Review financial records to determine if FY07 and FY08 occupational-vocational funds were properly allocated to and spent by the schools within the District that generated the funding.



**Agreed-Upon Procedure Number 3 - Continued:**

**Finding:**

Criteria

State of Delaware Code Title 14 Chapter 17 Subsection 1706 entitled “Determination of Amount of Division II Appropriation”

Condition

During our procedure, we determined that FY07 occupational-vocational funds were misappropriated as follows:

	Fiscal Year 2007 Occupational-Vocational Funds Authorized	Fiscal Year 2007 Occupational-Vocational Funds Expended During Fiscal Years 2007 and 2008
Hanby Middle School	\$ 34,866	\$ 35,150
Springer Middle School	32,463	31,631
Talley Middle School	12,039	12,650
Brandywine High School	53,476	53,220
Concord High School	47,199	47,392
Mt. Pleasant High School	58,503	58,503

Cause

The above misappropriations were caused by District officials failing to track and monitor expended occupational-vocational funding by school.

Effect

Hanby Middle School, Talley Middle School and Concord High School expended \$284, \$611 and \$193, respectively, of FY07 occupational-vocational funding to which they were not entitled.

**Recommendation:** It is our recommendation that in order to comply with Chapter 14 of DE Code Subsection 1706, the District repay through local funds, \$1,088 to appropriation 0265-07 and make those funds available to the schools that generated the occupational-vocational Division II funds.

It is further our recommendation that the District develop and implements policies and procedures to allocate and track occupational-vocational funds by school to avoid future misappropriations. These policies and procedures should include a monitoring process to regularly compare the amount of funds expended by each school against the amount of funding authorized.



*Agreed-Upon Procedure Number 3 - Continued:*

*District Response:* The District agrees that for FY07 Hanby, Talley and Concord overspent a total of \$1,088 in 0265 funds (and by extension Springer, Brandywine and Mount Pleasant under spent funds by the same amount). The district will take steps to ensure that existing procedures are followed to ensure that allocations are not overspent in any given building.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the DOE and the District and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record, and its distribution is not limited. This report, as required by statute, was provided to the Office of Auditor of Accounts, Office of the Governor, Office of Controller General, Office of Attorney General, Office of Management and Budget, and Secretary of Finance.

*Bellini, Lyons & Skuman, P.A.*

February 12, 2009  
Wilmington, Delaware